AN EXCELLENT COMPANY FOR EXCELLENT PEOPLE

ROLF ANNOUNCES HALF YEAR 2009 FINANCIAL RESULTS

Moscow – 24 September 2009 - The Rolf Group of Companies today issued financial results for the first half of 2009.

Group Revenues for the six month period were US$881,5 mln, compared with US$2343,9 mln in the first six months of 2008, and EBITDA fell to negative US$66,4 mln compared to a positive contribution of US$241,7 mln in the corresponding period last year.

The Group recorded a Net Loss of US$158,4 mln in the 1st half of 2009 after reflecting the ongoing poor market conditions and foreign exchange losses on borrowings as well as having accounted for potential losses of US$26,2 mln on future vehicle purchase commitments. The equivalent figure for the first half of 2008 was a net profit of US$153,7 mln.

In the six months to 30 June 2009, Rolf sold or distributed 37,503 vehicles, a 53% fall from the equivalent period in 2008 reflecting a very difficult period in the market.

Commenting on the half year results, Rolf Group's Chief Executive Officer Nick Hawkins commented "These results, which come comparatively soon after the release of the first quarter results, continue to demonstrate the challenges being faced by Rolf in dealing with the significant market correction and related issues. Overall, the provisioning against onerous contracts recorded in the first quarter 2009 together with an improved exchange rate environment have assisted in stabilizing the reported financial position. However, the Russian market for new car sales and related businesses remains challenging"

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ROLF

Rolf Group

International Financial Reporting Standards
Interim Condensed Consolidated Financial Information

As at and for the six months ended 30 June 2009

ROLF
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Board of Directors and other officers

Board of Directors as at 30 June 2009

Sophia Nicolaou
Stavroulla Ioannou
Nicholas James Hawkins
Andreas Papacharalampous

Company Secretary

Zet Secretarial Limited
Elenion Building
5 Themistocles Dervis Street
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In thousands of US dollars	Note	30 June 2009	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	8	328,812	415,018
Goodwill	9	21,064	27,520
Intangible assets	10	19,844	23,702
Other financial assets	11	2,389	2,492
Deferred income tax asset		44,674	32,346
Total non-current assets		**416,783**	**501,078**
Current assets			
Inventories	12	328,128	338,274
Prepayments for inventories		28,009	46,772
Trade and other receivables		231,040	248,864
Other financial assets	11	13,334	9,836
Cash and cash equivalents		111,802	229,793
Non-current assets held for sale		22,288	31,383
Total current assets		**734,601**	**904,922**
TOTAL ASSETS		**1,151,384**	**1,406,000**
EQUITY			
Share capital		10	10
Share premium		40	40
Retained earnings		253,933	412,248
Other reserves	13	(98,728)	(18,392)
Equity attributable to the Company's equity holders		**155,255**	**393,906**
Non-controlling interest		**155**	**308**
TOTAL EQUITY		**155,410**	**394,214**
LIABILITIES			
Non-current liabilities			
Borrowings	14	48,038	496,168
Deferred income tax liability		14,615	20,087
Derivative financial instruments		6,225	8,457
Total non-current liabilities		**68,878**	**524,712**
Current liabilities			
Borrowings	14	749,439	312,978
Trade and other payables		109,382	104,365
Advances from customers		21,806	46,456
Current income and other taxes payable		16,325	20,709
Provisions for liabilities and charges	15	30,144	2,566
Total current liabilities		**927,096**	**487,074**
TOTAL LIABILITIES		**995,974**	**1,011,786**
TOTAL LIABILITIES AND EQUITY		**1,151,384**	**1,406,000**

Approved for issue and signed on behalf of the Board of Directors of Delance Limited on 22 September 2009.

Sophia Nicolaou, Director

Stavroulla Ioannou, Director

In thousands of US dollars	Note	Six months ended 30 June 2009	2008
Revenue			
Vehicles		692,549	2,003,327
Spare parts, maintenance and other		188,996	340,532
Total revenue		**881,545**	**2,343,859**
Vehicles, consumables and services		(764,640)	(1,840,306)
Provision for onerous contracts	15,16,18	(26,244)	-
Gross margin		**90,661**	**503,553**
Logistics, insurance and advertising		(29,228)	(96,096)
Employee compensation and benefits		(82,478)	(126,736)
Office costs, business travel and services		(35,773)	(32,924)
Depreciation, amortisation and impairment	8,10,16	(47,161)	(19,298)
Other operating expenses, net		(9,625)	(6,010)
Foreign exchange gains / (losses) from operations, net		380	(3,114)
Operating (loss) / profit		**(113,224)**	**219,375**
Interest income		2,801	2,615
Finance costs		(35,994)	(27,390)
Foreign exchange (losses) / gains on cash and borrowings, net		(14,869)	21,640
(Loss) / profit before income tax		**(161,286)**	**216,240**
Income tax benefit / (expense)	17	2,861	(62,541)
(Loss) / profit for the period		**(158,425)**	**153,699**
(Loss) / profit is attributable to:			
- equity holders of the Company		(158,316)	153,728
- non-controlling interest		(109)	(29)
(Loss) / profit for the period		**(158,425)**	**153,699**

In thousands of US dollars	Note	Six months ended 30 June 2009	2008
(Loss) / income for the period		(158,425)	153,699
Other comprehensive (loss) / income			
Property, plant and equipment:			
- Revaluation, pre-tax	8,13	(32,008)	-
Income tax recorded in equity	13	6,402	-
Fair value gain on interest rate swap	13	2,232	(233)
Acquisition of entire non-controlling shareholding		-	(3,345)
Acquisition of shareholding in subsidiary		-	493
Currency translation differences		(57,005)	17,376
Total comprehensive (loss) / income for the period		**(238,804)**	**167,990**
Attributable to:			
- owners of the company		(238,651)	173,815
- non-controlling interest		(153)	(5,825)

	Attributable to equity holders of the Company						
In thousands of US dollars	Share capital	Share premium	Other reserves *(Note 13)*	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2008	**10**	**40**	**91,131**	**344,973**	**436,154**	**16,657**	**452,811**
Total comprehensive income for the period	-	-	13,082	160,733	173,815	(5,825)	167,990
Dividends including attributable withholding taxes	-	-	-	-	-	(10,012)	(10,012)
Distributions	-	-	-	(2,406)	(2,406)	-	(2,406)
Balance at 30 June 2008	**10**	**40**	**104,213**	**503,300**	**607,563**	**820**	**608,383**
Balance at 1 January 2009	10	40	(18,392)	412,248	393,906	308	394,214
Total comprehensive loss for the period	-	-	(80,336)	(158,315)	(238,651)	(153)	(238,804)
Balance at 30 June 2009	10	40	(98,728)	253,933	155,255	155	155,410

The share premium reserve and other reserves are not available for distribution by way of dividend.

In thousands of US dollars	Note	Six months ended 30 June 2009	2008
Cash flows from operating activities			
Total (loss) / profit before income tax		**(161,286)**	**216,240**
Adjustments for:			
Depreciation, amortization and impairment of property, plant and equipment, assets held for sale and intangible assets	8,10,16	47,161	19,298
Impairment of trade and other receivables		1,043	934
Impairment of inventories	16	15,636	316
Net gain on disposal of property, plant and equipment and intangible assets		(227)	(2,264)
Interest expense, net		33,193	24,775
Provision for onerous contracts	15,16,18	26,244	-
Foreign exchange differences on borrowings		14,869	(21,640)
Operating cash flows before working capital changes		**(23,367)**	**237,659**
(Increase) / decrease in trade and other receivables, excluding income taxes		1,386	(132,686)
(Increase) in inventories		(25,573)	(72,162)
(Increase) / decrease in vehicles in transit - prepaid		15,053	(31,988)
Increase in trade and other payables, excluding dividends		27,798	80,570
Increase / (decrease) in advances from customers		(19,695)	22,559
Increase / (decrease) in taxes payable, excluding income taxes		(2,352)	22,839
Cash (used in) / generated from operations		**(26,750)**	**126,791**
Income taxes paid		(8,763)	(59,863)
Interest paid including interest capitalised		(33,504)	(22,931)
Net cash (used in) / generated from operating activities		**(69,017)**	**43,997**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(17,913)	(43,565)
Proceeds from sale of property, plant and equipment		6,547	6,949
Purchase of intangible assets	10	(1,530)	(6,359)
Proceeds from sale of intangible assets		-	32
Purchase of subsidiaries, net of cash acquired		-	(17,835)
(Increase) / decrease in financial and other assets		(1,822)	3,423
Net cash used in investing activities		**(14,718)**	**(57,355)**
Cash flows from financing activities			
Proceeds from borrowings	14	145,361	243,335
Repayment of borrowings	14	(160,000)	(169,692)
Dividends paid to equity holders of the Company		-	(25,670)
Dividends paid to non-controlling interest		-	(9,511)
Cash distributions other than dividends		-	(2,405)
Net cash from financing activities		**(14,639)**	**36,057**
Effect of exchange rate changes on cash and cash equivalents		**(19,617)**	**9,587**
Net increase / (decrease) in cash and cash equivalents		**(117,991)**	**32,286**
Cash and cash equivalents at the beginning of the period		**229,793**	**196,372**
Cash and cash equivalents at the end of the period		**111,802**	**228,658**

1 The Rolf Group and its Operations

This interim condensed consolidated financial information has been prepared for the six months ended 30 June 2009 for Delance Limited (the "Company") and its subsidiaries (together referred to as the "Group" or "Rolf Group").

The Group is ultimately controlled by a trust acting in the interests of Mr. Sergey Petrov's family.

Principal activity. The Group's principal business activity, which is unchanged from last year, is the sale of vehicles and related services within the Russian Federation and Kazakhstan. During the six months ended 30 June 2009, the Group sold a total of 37,503 vehicles (the six months ended 30 June 2008: 80,275 vehicles).

Registered address and place of business. The Company's registered address is Julia House Building, 3 Themistocles Dervis Street, P.O. Box 22612, CY-1066 Nicosia, Cyprus. The Group's principal place of business is 8 Ivana Franko, Moscow, Russian Federation.

2 Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and a volatile currency. Despite historic strong economic growth, the financial situation in the Russian market significantly deteriorated during the fourth quarter of 2008, and continued in the six months of 2009. Since September 2008, there has been increased volatility in currency markets and the Russian Rouble (RR) depreciated significantly against some major currencies, although it has since recovered some of this depreciation. The official US dollar (US$) exchange rate of the Central Bank of the Russian Federation increased from RR 29.38 at 31 December 2008 to RR 36.43 at 19 February 2009 but rebounded to RR 31.2904 at 30 June 2009. At 22 September 2009, it was RR 30.37.

Due to increased market volatility, the one-day MosPrime rate fluctuated between 6.25% and 25.17% during January-mid September 2009.

Impact of the ongoing global financial and economic crisis. In the six months of 2009, the global economic downturn gathered pace and the global automotive markets experienced dramatic falls in unit sales. With a few exceptions, all markets recorded heavy slumps. The global financial and economic environment will remain difficult due to the continuing financial crisis and a further deterioration of the situation cannot be ruled out. Given the turmoil in the international financial markets and the continuing uncertainty among investors and consumers, it is not yet possible to predict when the downturn will end.

Market and forecast results. Since September 2008, the Russian market for vehicles has seen a significant downturn and in January-August 2009, car unit sales were 51% lower then in the respective period of 2008. In response to this, the Group has significantly reduced purchase orders of vehicles for which it is a distributor to avoid an excessive build up of inventories.

In response to the decrease in sales volumes and in order to manage inventories, management initiated a number of sales campaigns and introduced discounts to several Mitsubishi and Geely models starting April 2009. As a result, some vehicles have been sold at negligible, or in some cases negative gross margins.

Various efforts have been implemented by the Russian government to assist the domestic automotive market in Russia during the period of economic recession. Starting 1 January 2009, the government of the Russian Federation increased customs import duties on the importation of foreign vehicles, which, along with other market factors, have had a negative impact on the volume of sales and profitability of the Group.

In order to reduce the impact of the economic slowdown the Russian government has introduced a subsidized loan scheme for vehicles manufactured in Russia with a retail price of up to 600,000 roubles. Trough its Retail operation the Group sells some models of Ford, Renault and Hyundai (and plans to launch the retailing of Skoda in November 2009), which are within the scope of this scheme. The government is also considering the introduction of an end-of-life vehicle replacement programme. Similar programmes in the United States and Europe's major markets have led to a surge in car sales in the respective markets.

Financial obligations. The Group had US$ 111,802 thousand of cash and cash equivalents as at 30 June 2009 (31 December 2008: US$ 229,793 thousand), and borrowings of US$ 797,477 thousand (31 December 2008: US$ 809,146 thousand). The Group signed amendments to the existing facility agreements maturing in June-July 2009. In accordance with these amendments, credit facilities amounting to US$ 185,000 thousand are to be repaid in September 2009.

2 Operating Environment of the Group (continued)

The deterioration in the operating results for the first six months of 2009 has caused compliance with certain covenants (relating to terms loans) to be breached and, as a result, non-current borrowings totalling US$ 99,311 thousand have been reclassified to current liabilities. At the date this interim condensed consolidated financial information was authorized for issue, management had obtained waivers in relation to these breaches and no acceleration by the lenders had taken place. Management is proactively involved in discussions with its banks and other lenders to refinance these and other borrowings which mature between the balance sheet date and mid-2010. However, if the Group is unsuccessful in these negotiations (or is unable to continue to obtain waivers) and the relevant lenders declare an event of default on the basis of such breaches, the borrowings would become repayable on demand.

Management considers that, as a result of the above facts, there is a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business. However, this interim condensed consolidated financial information has been prepared on a going concern basis and does not include any adjustments that might result if the Group was unable to continue as a going concern, since management is confident that their actions and plans will ensure that the Group's performance will be better than its competitors and that negotiations for refinancing will be successfully completed.

3 Seasonal Nature of Activity

Interim revenue and operating profit are seasonal, traditionally with a low level of activity in summer months and a high level of activity during the last quarter of the year, particularly in December. This characteristic varies from year to year, and has been distorted in 2009 by the sales campaigns run by the Group. Pursuant to IFRS accounting principles, interim revenue is accounted for under the same principles as year-end revenue, that is, in the period in which they are achieved.

4 Significant Accounting Policies and Critical Accounting Estimates

Basis of preparation. This interim condensed consolidated financial information for the six months ended 30 June 2009 has been prepared in accordance with IAS 34, "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union ("EU"), and the requirements of Cyprus Companies Law, Cap. 113.

As at the reporting date, all International Financial Reporting Standards issued by the International Standards Board (IASB) and effective as at 1 January 2009 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of (a) certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting and (b) the amendment to IAS 39 and IFRS 7 on the effective date and transition of the "Reclassification of financial assets".

Functional and presentation currencies. The functional currency of the Company and all the subsidiaries is the Russian Rouble ("RR"), and the Group's presentation currency is the US dollar ("US$").

Except as described below, the accounting policies and accounting estimates applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Judgments that have the most significant effect on the amounts recognised in the interim condensed consolidated financial information and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Valuation of buildings and freehold land. Buildings were revalued and carried at the amount of US$ 137,760 thousand (Note 8). The estimated impact on the aggregate valuations from possible changes in key assumptions is that: should the capitalisation rate increase / decrease by 1%, the carrying value of the relevant assets would be US$ 6,536 / 7,553 thousand lower/higher, with an offsetting decrease/increase of US$ 1,307 / 1,511 thousand to deferred tax liabilities and US$ 5,229 / 6,042 thousand to either revaluation reserve, or to profit for the period for any decrease below cost in respect of a property which had no previous revaluation surplus.

Freehold land is revalued and carried at the amount of US$ 51,994 thousand (Note 8).

4 Significant Accounting Policies and Critical Accounting Estimates (continued)

Estimated income and deferred taxes. The income tax expense for the interim reporting period is calculated on the basis of the average annual tax rate that is expected for the entire fiscal year in accordance with IAS 34.

For the six months ended 30 June 2009, the Group incurred tax losses in the amount of US$ 90,544 thousand. The Group has continued to recognise deferred taxation assets on losses incurred during the six months ended 30 June 2009 in businesses where it is probable that sufficient future profits will exist against which to off-set the deferred tax losses. Where the future profitability is less than probable, losses were not recognised as a deferred taxation asset.

Inventories. In the six months ended 30 June 2009, the Group recognized a provision for vehicles in stock and at dealer centres in the amount of US$ 15,142 thousand (the six months ended 30 June 2008: nil) to reduce its cost to net realisable value and provision for spare parts of US$ 494 thousand (the six months ended 30 June 2008: US$ 316 thousand). see Note 16.

Recognition of provision for onerous contracts. A provision of US$ 26,244 thousand has been accrued in the consolidated income statement in respect of outstanding undelivered purchases. The amount of the provision is the Group's estimate of the cost of exiting from the contracts or fulfilling its obligations under the contracts (see Notes 15, 16 and 18).

Estimate of impairment of assets under construction. Assets under construction were assessed for impairment by an independent appraiser at 30 June 2009 and no impairment loss was identified. The Group has suspended a number of construction projects pending further analysis.

Estimate of impairment of assets held for sale. Assets held for sale were revalued by an independent appraiser to a market value of US$ 22,288 thousand at 30 June 2009 with a resulting impairment loss of US$ 6,702 thousand for the period ended 30 June 2009 (Note 16).

Estimate of impairment of goodwill. IAS 34 requires that the same impairment testing is applied at interim reporting dates as is required at the end of the financial year. Where an indicator of impairment exists, goodwill is retested. The goodwill was tested for impairment at 30 June 2009 and no impairment loss was identified.

Reclassifications and adjustments of prior period figures. Where necessary, corresponding figures have been reclassified or adjusted to conform to the presentation of the current period. The effects of the most significant reclassifications and adjustments were as follows:

In thousands of US dollars	Note	Reclassifications and adjustments	
Employee compensation and benefits; VAT recoverable and other taxes prepaid; Current income and other taxes payable	6	3,648	Employer's related expense was recognised using an estimated average annual effective payroll tax rate under IAS 34 "Interim financial reporting".
Revenue; Logistics, insurance and advertising	6	17,378	Gross presentation of revenue for transportation services and related costs under the assumption that the Group acts as principal, not agent, in a number of contractual arrangements.
Consolidated cash flow statement		(21,640)	"Foreign exchange differences on borrowings" are shown in a separate line, with corresponding adjustments mostly to items in "Working capital changes" and to "Effect of exchange rate changes in cash and cash equivalents".
Income tax expense; Deferred income tax asset	6	(6,681)	Income tax expense was recognised using an estimated average annual effective income tax rate under IAS 34 "Interim financial reporting"

5 Adoption of New or Revised Standards and Interpretations, and New Accounting Pronouncements

During the first half of 2009, the Group adopted all the new and revised IFRS's that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009, except for IFRS 8, Operating Segments, where the Group is currently assessing the impact that it would have on disclosures of its results of operation or financial condition. The Group has continued to disclose segment information consistent with prior years and in accordance with IAS 14 (Note 6).

5 Adoption of New or Revised Standards and Interpretations, and New Accounting Pronouncements (continued)

The adoption of these new or revised IFRSs did not have a material effect on the accounting policies of the Group.

Pronouncements not yet endorsed by the EU are indicated with an asterisk (*). The Group does not adopt pronouncements until they have been endorsed by the EU.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009 and adopted by the EU:

- ***IAS 1 (Revised), Presentation of Financial Statements;***
- ***IFRS 8, Operating Segments;***
- ***IAS 23 (Revised), Borrowing costs.*** The amendment to the standard was to capitalize borrowing costs relating to qualifying assets, and the amendment does not impact the Group's financial statements since the Group has already chosen this policy.

Certain new standards and interpretations became effective from 1 January 2009 but are not relevant to the Group:

- ***Vesting Conditions and Cancellations – Amendment to IFRS 2, Share-based Payment;***
- ***IAS 32 (amendment), Financial instruments: Presentation;***
- ***IFRS 1, First-time Adoption of International Financial Reporting Standards**** (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 January 2009);
- ***IFRIC 13 "Customer loyalty programmes relating to IAS18 "Revenue";***
- ***IFRIC 14 "IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction"*** is effective for annual periods beginning on or after 1 January 2008 but the EU endorsed version is applicable for use from 1 January 2009;
- ***IFRIC 15, Agreements for the construction of real estate;***
- ***IFRIC 16, Hedges of a Net Investment in a Foreign Operation*** (effective for annual periods beginning on or after 1 October 2008; IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009 with early adoption permitted);
- ***Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate – IFRS 1 and IAS 27 Amendment;***
- ***Puttable Financial Instruments and Obligations Arising on Liquidation – IAS 32 and IAS 1 Amendment.***

New or revised standards and interpretations that are relevant to the Group but not yet effective and not early adopted by the Group:

IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009).

Eligible Hedged Items – Amendment to IAS 39, Financial Instruments: Recognition and Measurement* (effective with retrospective application for annual periods beginning on or after 1 July 2009).

Embedded Derivatives – Amendments to IFRIC 9 and IAS 39* (effective for annual periods ending on or after 30 June 2009).

IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).

Improving Disclosures about Financial Instruments – Amendment to IFRS 7, Financial Instruments. Disclosures* (issued in March 2009; effective for annual periods beginning on or after 1 January 2009).

IFRIC 12 "Service Concession Arrangements" is effective for annual periods beginning on or after 1 January 2008 but the EU-endorsed version is applicable for financial periods beginning on or after 30 March 2009.

IFRIC 17, Distribution of Non-Cash Assets to Owners* (effective for annual periods beginning on or after 1 July 2009).

5 Adoption of New or Revised Standards and Interpretations, and New Accounting Pronouncements (continued)

IFRIC 18, Transfers of Assets from Customers* (effective for annual periods beginning on or after 1 July 2009).

Improvements to International Financial Reporting Standards* (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010).

Group Cash-settled Share-based Payment Transactions – Amendments to IFRS 2, Share-based Payment* (effective for annual periods beginning on or after 1 January 2010).

Additional Exemptions for First-time Adopters – Amendments to IFRS 1, First-time Adoption of IFRS* (effective for annual periods beginning on or after 1 January 2010).

The Group is assessing the effects of these changes, but does not expect these new or revised standards to have a material effect on its financial statements.

6 Segment Reporting

The Group's primary format for reporting segment information is business segments and the secondary format is geographical segment, which is mainly the Russian Federation. The Group is organised on the basis of two main business segments:

- Retail – representing retail of all vehicles, maintenance activities and commission income related to the sales of vehicles;
- Non-Retail – representing the distribution of vehicles, accessories and spare parts and other services which have homogeneous risks and rewards.

Starting from the reporting year ended 31 December 2008, the Group changed its business segment presentation aiming to provide more reliable and relevant information about the financial position and performance of its segments in line with changed management strategy Following the requirements of IAS 1, comparative information was restated and presented below.

Transactions between business segments are on normal commercial terms and conditions. Internal charges between segments have been reflected in the performance of each business segment. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash, and mainly exclude investments and income tax balances. Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets. Impairment loss provisions relate only to those charges made against allocated assets. Segment information for the main reportable business segments of the Group for the period ended 30 June 2009 and 2008 is set out below:

6 Segment Reporting (continued)

In thousands of US dollars	Retail	Non-Retail	Eliminations	Group
Period ended 30 June 2009				
Sales – external	602,002	279,543	-	881,545
Sales to other segments	1,460	193,401	(194,861)	-
Total revenue for the period	**603,462**	**472,944**	**(194,861)**	**881,545**
Segment result	**(13,413)**	**(85,457)**	-	**(98,870)**
Unallocated expenses				(14,354)
Operating loss				(113,224)
Net foreign exchange losses on cash and borrowings				(14,869)
Finance costs, net				(33,193)
Loss before income tax				(161,286)
Income tax benefit				2,861
Loss for the period				**(158,425)**
Segment assets as at 30 June 2009	**576,021**	**490,017**	**(158,047)**	**907,991**
Current and deferred tax assets				97,344
Other unallocated assets				146,049
Total assets				**1,151,384**
Segment liabilities as at 30 June 2009	**128,450**	**202,779**	**(158,047)**	**173,182**
Current and deferred tax liability				19,089
Other unallocated liabilities				803,703
Total liabilities				**995,974**
Period ended 30 June 2009				
Capital expenditure	19,443	-	-	19,443
Depreciation, amortisation and impairment	(37,628)	(9,533)	-	(47,161)

In thousands of US dollars	Retail	Non-Retail	Eliminations	Group
Period ended 30 June 2008				
Sales – external (as previously reported)	1,071,669	1,254,812	-	2,326,481
Change in presentation of certain transportation services (Note 4)	-	17,378	-	17,378
Change in presentation	10,550	(10,550)	-	-
Sales-external	**1,082,219**	**1,261,640**	-	**2,343,859**
Sales to other segments (as previously reported)	17,560	403,146	(420,706)	-
Change in presentation	(16,590)	-	16,590	-
Sales to other segments	**970**	**403,146**	**(404,116)**	-
Total revenue for the period	**1,083,189**	**1,664,786**	**(404,116)**	**2,343,859**
Segment result (as previously reported)	38,072	195,725	-	233,797
Adjustment (Note 4)	-	3,648	-	3,648
Change in presentation	10,756	-	-	10,756
Segment result	**48,828**	**199,373**	-	**248,201**
Unallocated expenses (as previously reported)				(44,121)
Change in presentation				15,295
Unallocated expenses				(28,826)
Operating profit				219,375
Net foreign exchange gains on cash and borrowings				21,640
Finance costs, net				(24,775)
Profit before income tax				216,240
Income tax expense (as previously reported)				(55,860)
Adjustment (Note 4)				(6,681)
Income tax expense				(62,541)
Profit for the period				**153,699**
Segment assets as at 31 December 2008	**609,945**	**656,156**	**(85,574)**	**1,180,527**
Current and deferred tax assets				88,507
Other unallocated assets				136,966
Total assets				**1,406,000**
Segment liabilities as at 31 December 2008	**121,144**	**140,479**	**(85,574)**	**176,049**
Current and deferred tax liability				26,592
Other unallocated liabilities				809,145
Total liabilities				**1,011,786**
Period ended 30 June 2008				
Capital expenditure	42,674	21,777	-	64,451
Unallocated capital expenditure				1,953
Total capital expenditure				66,404
Depreciation and amortisation	(11,958)	(7,340)	-	(19,298)

7 Balances and Transactions with Related Parties

For the purposes of this interim condensed consolidated financial information, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of relationships, not merely the legal form. The Company's ultimate controlling party is disclosed in Note 1.

i Loans to beneficiaries of the ultimate controlling party

In thousands of US dollars	Note	30 June 2009	31 December 2008
Loans included in other financial assets	11	6,622	5,463
Total loans to beneficiaries of the ultimate controlling party		**6,622**	**5,463**

The above loans are subject to 8.0-8.7% annual interest, and are due for repayment within 12 months from the balance sheet date. Interest income on the loans was US$ 284 thousand for the six months ended 30 June 2009 thousand (for the six months ended 30 June 2008: US$ 417 thousand).

ii Balances due from / (to) entities under common control

In thousands of US dollars	Note	30 June 2009	31 December 2008
Available-for-sale investments	11	76	81
Prepayments for vehicles		128	2,638
Trade receivables		9,969	1,000
Other receivables		2,400	921
Trade payables		(1,407)	(2,593)
Other payables		(9)	-
Current term loan payable (interest rate: 11.5%)	14	-	(40,038)
Current term loan payable (interest rate: 11%)	14	(166)	(158)
Current term loan receivable (interest rate: interest-free)	11	645	502
Non-current term loan receivable (interest rate: interest-free)	11	824	922
Current term loan receivable (interest rate: 9%)	11	6,067	3,871
Total balances due from / (to) entities under common control		**18,527**	**(32,854)**

iii Income / (expenses) with entities under common control

In thousands of US dollars	Six months ended 30 June 2009	2008
Revenue from sale of vehicles and spare parts	9,595	1,071
Revenue from autoservice and other services	124	19
Purchase of vehicles	(3,279)	-
Interest income	1,104	1,047
Interest expense	(159)	(7)
Employee compensation and benefits	(237)	(149)
Net foreign exchange gains / (losses) on cash and borrowings	184	(278)
Other expenses	(18)	(232)
Total income with entities under common control	**7,314**	**1,471**

iv Key management personnel compensation

Directors' fees for the six months ended 30 June 2009 amounted to US$ 1 thousand (for the six months ended 30 June 2008: US$ 1 thousand). Compensation of 4 directors holding executive positions and 9 other key management personnel for the six months ended 30 June 2009 and 30 June 2008 amounted to US$ 4,386 thousand and US$ 7,847 thousand respectively.

v Financial guarantees

As at 30 June 2009, the Group has outstanding guarantees relating to the bank loans obtained by entities under common control. Details are provided in Note 18.

8 Property, Plant and Equipment

In thousands of US dollars	Note	Buildings	Freehold land	Other property, plant and equipment	Assets under construction	Total
Cost at 1 January 2008		**224,448**	**69,810**	**134,187**	**43,408**	**471,853**
Accumulated depreciation		**(20,617)**	**-**	**(38,536)**	**-**	**(59,153)**
Carrying amount at 1 January 2008		**203,831**	**69,810**	**95,651**	**43,408**	**412,700**
Reclassification of opening balance		3,731	-	103	(3,834)	-
Acquisition through business combination		9,287	2,700	3,788	686	16,461
Additions			1,986	15,896	25,683	43,565
Capitalised borrowing costs		-	-	-	778	778
Transfers		497	-	-	(497)	-
Disposals		-	(2,637)	(2,056)	-	(4,693)
Depreciation charge		(3,498)	-	(12,430)	-	(15,928)
Translation to presentation currency		9,308	3,234	4,488	2,486	19,516
Carrying amount at 30 June 2008		**223,156**	**75,093**	**105,440**	**68,710**	**472,399**
Cost at 30 June 2008		**247,271**	**75,093**	**156,406**	**68,710**	**547,480**
Accumulated depreciation		**(24,115)**	**-**	**(50,966)**	**-**	**(75,081)**
Carrying amount at 30 June 2008		**223,156**	**75,093**	**105,440**	**68,710**	**472,399**
Cost at 1 January 2009		**201,616**	**70,585**	**137,965**	**75,032**	**485,198**
Accumulated depreciation		**(20,080)**	**-**	**(50,100)**	**-**	**(70,180)**
Carrying amount at 1 January 2009		**181,536**	**70,585**	**87,865**	**75,032**	**415,018**
Additions		-	-	10,714	7,199	17,913
Transfers		14,233	-	-	(14,233)	-
Disposals		(113)	-	(6,207)	-	(6,320)
Depreciation charge		(3,966)	-	(10,864)	-	(14,830)
Effect of revaluation - impairment in income statement	16	(20,788)	(1,082)	-	-	(21,870)
Effect of revaluation - statement of comprehensive income		(19,843)	(12,165)	-	-	(32,008)
Translation to presentation currency		(13,299)	(5,344)	(5,469)	(4,979)	(29,091)
Carrying amount at 30 June 2009		**137,760**	**51,994**	**76,039**	**63,019**	**328,812**
Cost at 30 June 2009		**161,806**	**51,994**	**137,003**	**63,019**	**413,822**
Accumulated depreciation		**(24,046)**	**-**	**(60,964)**	**-**	**(85,010)**
Carrying amount at 30 June 2009		**137,760**	**51,994**	**76,039**	**63,019**	**328,812**

Borrowing costs of US$ nil thousand (six months ended 30 June 2008: US$ 778 thousand), arising on financing for the construction of new, or significantly renovated, dealer centres were capitalised during the period, at an interest rate – nil (six months ended 30 June 2008: 6.8%), representing the weighted average borrowing costs of the Group, applied to the balance after excluding prepayments, which were approximately 23% of the value of assets under construction at the balance sheet date.

The carrying amount that would have been recognised in the interim condensed consolidated financial information had the assets been carried at historical cost is, for the freehold land, US$ 42,437 thousand (30 June 2008: US$ 72,650 thousand) and for the buildings, US$ 137,789 thousand (30 June 2008: US$ 168,995 thousand) respectively.

9 Goodwill

Movements in goodwill arising on the acquisition of subsidiaries are:

In thousands of US dollars	Total
Gross book value at 1 January 2008	-
Accumulated impairment losses at 1 January 2008	-
Carrying amount at 1 January 2008	-
Acquisition of a subsidiary (EliteTrans)	16,265
Translation to presentation currency	41
Carrying amount at 30 June 2008	16,306
Gross book value at 1 January 2009	27,520
Accumulated impairment losses at 1 January 2009	-
Carrying amount at 1 January 2009	27,520
Translation to presentation currency	(6,456)
Carrying amount at 30 June 2009	21,064

9 Goodwill (continued)

Goodwill impairment test. Goodwill is allocated to cash-generating units (CGUs. which represent the lowest level within the Group at which the goodwill is monitored by management and which are not larger than a segment) as follows:

In thousands of US dollars	30 June 2009	31 December 2008
Retail (Avtoprime)	8,840	11,255
Non-retail (EliteTrans)	12,224	16,265
Total carrying amount of goodwill	**21,064**	**27,520**

The recoverable amount of each CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated assuming no growth.

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	30 June 2009
Growth rate beyond three years	None
Pre-tax discount rate	21.40% p.a. for Avtoprime, 20.41% for EliteTrans
Revenue – for 3-year period, Avtoprime	US$ 205,581 thousand
Revenue – for 3-year period, EliteTrans	US$ 331,733 thousand

Management determined the budgeted gross margin of CGUs based on the past performance and the market expectations. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

If the revised estimated pre-tax discount rate applied to the discounted cash flows of non-retail CGU (EliteTrans) and retail CGU (Avtoprime) had been 7% higher than management's estimates, the Group would need to reduce the carrying value of goodwill for EliteTrans by US$ 2,680 thousand and goodwill for Avtoprime by US$ 3,051 thousand. If the revised estimated revenue used for the discounted cash flows of non-retail CGU (EliteTrans) and retail CGU (Avtoprime) had been 25% lower than management's estimates, the Group would need to reduce the carrying value of goodwill for EliteTrans by US$ 5,481 thousand and goodwill for Avtoprime by US$ 2.845 thousand.

The recoverable amount of CGUs exceeds its carrying amount by US$ 36,048 thousand. The CGUs' carrying amount would equal to value in use at a pre-tax discount rate of 26.74% p.a. for EliteTrans and 23.95% p.a. for Avtoprime.

10 Intangible Assets

In thousands of US dollars	Leasehold interests	Acquired software licences and other intangible assets	Acquired trade mark	Software product development	Total
Cost at 1 January 2008	**703**	**14,590**	**-**	**3,130**	**18,423**
Accumulated amortisation	**(29)**	**(5,260)**	**-**	**-**	**(5,289)**
Carrying amount at 1 January 2008	**674**	**9,330**	**-**	**3,130**	**13,134**
Additions	-	4,111	-	2,248	6,359
Acquisition through business combination	-	19	-	-	19
Amortisation charge	(7)	(3,363)	-	-	(3,370)
Disposals	-	(44)	-	-	(44)
Translation to presentation currency	32	457	-	192	681
Carrying amount at 30 June 2008	**699**	**10,510**	**-**	**5,570**	**16,779**
Cost at 30 June 2008	**737**	**17,880**	**-**	**5,570**	**24,187**
Accumulated depreciation	**(38)**	**(7,370)**	**-**	**-**	**(7,408)**
Carrying amount at 30 June 2008	**699**	**10,510**	**-**	**5,570**	**16,779**
Cost at 1 January 2009	**1,506**	**25,673**	**3,114**	**2,875**	**33,168**
Accumulated amortisation	**(97)**	**(9,265)**	**(104)**	**-**	**(9,466)**
Carrying amount at 1 January 2009	**1,409**	**16,408**	**3,010**	**2,875**	**23,702**
Additions	-	540	-	990	1,530
Amortisation charge	(85)	(3,539)	(135)	-	(3,759)
Transfer	-	548	-	(548)	-
Translation to presentation currency	(93)	(1,205)	(194)	(137)	(1,629)
Carrying amount at 30 June 2009	**1,231**	**12,752**	**2,681**	**3,180**	**19,844**
Cost at 30 June 2009	**1,413**	**25,556**	**2,920**	**3,180**	**33,069**
Accumulated amortisation	**(182)**	**(12,804)**	**(239)**	**-**	**(13,225)**
Carrying amount at 30 June 2009	**1,231**	**12,752**	**2,681**	**3,180**	**19,844**

11 Other Financial Assets

In thousands of US dollars	Note	30 June 2009	31 December 2008
Investments in related companies	7	76	81
Other investments		1,489	1,489
Loans to related companies	7	824	922
Total non-current other financial assets		**2,389**	**2,492**

In thousands of US dollars	Note	30 June 2009	31 December 2008
Interest bearing loans to beneficiaries of the Group's ultimate controlling party, repayable within 12 months of the balance sheet date	7	6,622	5,463
Loans to entities under common control	7	6,712	4,373
Total current other financial assets		**13,334**	**9,836**

The primary factor that the Group considers in determining whether a debt security is impaired is its overdue status. The Group considers its non-current and current other financial assets unimpaired.

12 Inventories

In thousands of US dollars	30 June 2009	31 December 2008
Vehicles at storage areas, Group warehouses and dealer centres	215,291	257,653
Vehicles at non-Group company dealer centres	64,249	27,413
Spare parts for vehicles and maintenance in progress	41,738	46,946
Other materials	6,850	6,262
Total inventories	**328,128**	**338,274**

Spare parts carried at US$ 41,738 thousand are net of provisions of US$ 2,598 thousand (31 December 2008: US$ 2,210 thousand) to reduce cost to net realisable value.

Vehicles in stock and at dealer centres carried at US$ 279,540 thousand are net of provisions of US$ 23,837 thousand (31 December 2008: US$ 8,345 thousand) to reduce cost to net realisable value.

13 Other Reserves

In thousands of US dollars	Revaluation reserve	Cumulative currency translation reserve	Fair value (loss) / gain on interest rate swap	Total
At 1 January 2008	**43,597**	**52,331**	**(4,797)**	**91,131**
Realised revaluation reserve	(3,342)	-	-	(3,342)
Currency translation	-	16,657	-	16,657
Fair value loss on interest rate swap	-	-	(233)	(233)
At 30 June 2008	**40,255**	**68,988**	**(5,030)**	**104,213**
At 1 January 2009	**62,486**	**(72,421)**	**(8,457)**	**(18,392)**
Revaluation, net of tax	(25,606)	-	-	(25,606)
Currency translation	-	(56,962)	-	(56,962)
Fair value gain on interest rate swap	-	-	2,232	2,232
At 30 June 2009	**36,880**	**(129,383)**	**(6,225)**	**(98,728)**

Other reserves are not available for distribution by way of dividends.

14 Borrowings

In thousands of US dollars	30 June 2009	31 December 2008
Term loans	548,325	560,075
Eurobonds	248,423	247,605
Finance lease liabilities	729	1,466
Total borrowings	797,477	809,146
Less current portion – due within 1 year	(749,439)	(312,978)
Non-current borrowings – due between 1 and 5 years	48,038	496,168

The balance of term loans at 30 June 2009 was US$ 548,325 thousand, including accrued interest of US$ 1,601 thousand less unamortized transaction costs of US$ 1,348 thousand.

The balance related to the eurobond issue at 30 June 2009 was US$ 248,423 thousand, comprised of principal amount of US$ 250,000 thousand plus accrued interest of US$ 115 thousand less transaction costs of US$ 1,692 thousand. The market value of eurobond liabilities was impacted by the ongoing global financial and economic crisis.

At 30 June 2009, the term loans include a short-term loan payable to a related party of US$ 166 thousand with a contractual interest rate of 11% (at 31 December 2008: US$ 158 thousand with a contractual interest rate of 11.0%). The balance of US$ 40,038 thousand with a contractual interest rate of 11.5% was repaid during the six months ended 30 June 2009, see Note 7.

Non-current borrowings totalling US$ 99,311 thousand less unamortized transaction costs of US$ 689 thousand have been reclassified to current liabilities as the result of the breach of certain covenants at 30 June 2009. The Group has obtained waivers from the respective lenders in respect of these breaches and therefore expect the amounts to be repaid no earlier than their contractual due dates.

The majority of the Group's borrowings, other than the Russian Rouble term loan of US$ 48,038 thousand, are denominated in US dollars.

At 30 June 2009, the effective interest rates for the term loans / eurobonds equalled to 2.35-11.50 (for the US dollar term loans) 20.00% (for the Russian Rouble term loan) / 8.99% respectively (31 December 2008: 5.03-11.50% (for the US dollar term loans) / 8.99%).

There were no unused facilities of term loans available to the Group at 30 June 2009.

Movements in borrowings are analyzed as follows:

Six months ended 30 June 2008	
Opening balance as at 1 January 2008	*535,448*
New term loans issued	243,335
Repayments of term loans	(169,692)
Interest accrued on term loans	16,126
Interest accrued on eurobonds	10,313
Interest accrued on finance leases	196
Interest paid on term loans	(26,067)
Amortization of transaction costs	1,727
Currency translation differences on term loans	6,561
Finance lease liabilities' movements	557
Closing balance as at 30 June 2008	**618,504**

14 Borrowings (continued)

Six months ended 30 June 2009	
Opening balance as at 1 January 2009	*809,146*
New term loans issued	145,361
Repayments of term loans	(160,000)
Interest accrued on term loans	25,185
Interest accrued on eurobonds	10,313
Interest accrued on finance leases	191
Interest paid on term loans	(33,806)
Amortization of transaction costs	306
Currency translation differences on term loans	1,709
Finance lease liabilities' movements	(928)
Closing balance as at 30 June 2009	**797,477**

15 Provisions for Liabilities and Charges

In thousands of US dollars	Note	Taxes other than on income	Onerous contracts	Total
Carrying amount at 1 January 2009		**2,566**	**-**	**2,566**
Additions	16,18	-	26,244	26,244
Currency translation differences		(157)	1,491	1,334
Carrying amount at 30 June 2009		**2,409**	**27,735**	**30,144**

16 Operating Profit

The following items of unusual nature, size or incidence have been charged to operating profit during the period:

In thousands of US dollars	Note	2009	2008
Six months ended 30 June			
Impairment of Property, plant and equipment:			
- Buildings	8	(20,788)	-
- Freehold land	8	(1,082)	-
Impairment of Assets held for sale	4	(6,702)	-
Impairment of Inventories:			
- Vehicles in stock and at dealer centres	4	(15,142)	-
- Spare parts	4	(494)	(316)
Provision for onerous contracts	15,18	(26,244)	-

17 Income Taxes

Income tax benefit / (expense) is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2009 is 2% (the estimated tax rate for the period ended 30 June 2008 was 29%). The decrease is mainly due to expected tax losses in 2009 that are not probable to be recoverable for tax purposes in future and a decrease of 4% in the income tax rate in Russia from 24% to 20%. This decrease is applicable from 1 January 2009.

18 Contingencies and Commitments

Legal proceedings. During the period, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in the interim condensed consolidated financial information.

Tax contingencies. Russian tax and customs legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

18 Contingencies and Commitments (continued)

The Russian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments and it is possible that transactions and activities that have not been challenged in the past, including those relating to transfer pricing, may be challenged, and overseas companies within a Group may be alleged to have created a permanent establishment in Russia which, if successfully proven in court, would render the activities of those overseas companies subject to taxation in Russia. The Supreme Arbitration Court issued guidance to lower courts on reviewing tax cases providing a systemic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of tax authorities' scrutiny.

As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years proceeding the year of review. Under certain circumstances reviews may cover longer periods.

Russian tax legislation does not provide definitive guidance in certain areas. From time to time, the Group adopts interpretations of such uncertain areas that reduce the overall tax rate of the Group. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices; the impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the Group.

Management estimates that as at 30 June 2009 the Group has possible obligations from exposure to other than remote tax risks in the amount US$ 22,413 thousand (31 December 2008: US$ 20,384 thousand). These exposures primarily relate to profits tax, VAT, and associated interest and penalties. Included in the above is the amount of possible obligations for uncertain tax positions of US$ 8,148 thousand (31 December 2008: US$ 10,881 thousand) for which inspection rights of tax authorities have expired, but which may be challenged by regulatory bodies under certain circumstances. In management's estimate no losses are anticipated from these contingent liabilities.

Contractual capital and operating lease commitments. At 30 June 2009, the Group had contractual capital commitments in respect of purchase or construction of property, plant and equipment totalling US$ 33,598 thousand (31 December 2008: US$ 40,861 thousand). The properties on which the Group's buildings are situated are in Moscow and St. Petersburg on land leased from the respective city authorities under operating leases. Currently, private ownership of land is not common in those cities and in fact most land is held on a long-term leasehold basis (typically a 49 year lease with an option for a 49 year extension). The leases have varying terms and renewal rights, and an annual rent is payable to the city authorities based on indexation.

The Group has future aggregate minimum lease payment commitments under these non-cancellable operating leases, based on the latest available annual rents, as follows:

In thousands of US dollars	30 June 2009	31 December 2008
Not later than one year	10,257	15,081
Later than one year and not later than five years	30,219	3,696
Later than five years	34,578	29,035
Total non-cancellable operating leases	**75,054**	**47,812**

Contractual vehicle purchase commitments (vehicles in transit). As at 30 June 2009, the Group has outstanding obligations in respect of the purchase contracts of vehicles produced by Mitsubishi Motors Corporation in the amount of US$ 260,675 thousand (31 December 2008: US$ 475,400 thousand).

Financing for vehicles in transit is provided by a subsidiary of Mitsubishi Corporation, under which 89.77% of the purchase price of each vehicle is payable by the Group within 110 days (extended on some vehicles for up to 350 days) after the 11th day of the start of the relevant production month. The rate of interest during the six months ended 30 June 2009 varied from 4.84% to 8.45% (six months ended 30 June 2008: 7.64%).

Starting April 2009, the Group initiated a number of sales campaigns on several Mitsubishi vehicle models. As a result, some vehicles were sold and continue to be sold after the balance sheet date at negligible, and in some cases negative, gross margins. This has resulted in the vehicle purchase contracts becoming onerous as at 30 June 2009 in respect of approximately 18,500 vehicles. A provision of US$ 26,244 thousand has been accrued in the consolidated income statement in respect of these purchase contracts, being the estimated losses that will be incurred to either cancel or complete the purchase and resale of these vehicles.

Contractual commitments arising on transaction between Mitsubishi Corporation and Rolf Group. In April 2009, the Group signed an agreement to sell to Mitsubishi Corporation a 40% non-controlling shareholding in FF Sheffe BV, the parent company of Rolf Import, the Group's Mitsubishi Motors vehicles distributor business in the Russian Federation. The transaction also provides for the transfer of the distribution of the Mitsubishi Motors spare parts business into Rolf Import prior to 1 January 2010.

18 Contingencies and Commitments (continued)

The transaction price for the 40% shareholding includes a fixed element of US$ 72 million payable on completion of the transaction and additional payments to be made over the next five calendar years dependent upon the business achieving agreed targets. The completion of this transaction is subject to the execution of a number of conditions precedent, which have not been met at the date this interim condensed consolidated financial information was authorized for issue.

The legal and constructive obligations arising for the Group in respect of this transaction are limited to agreeing certain transactions and actions of Rolf Import with Mitsubishi Corporation and to maintaining confidentiality.

Financial guarantees. Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. The Group had outstanding issued guarantees for obligations of a related party in the amount of US$ 40,062 thousand (31 December 2008: US$ 87,139 thousand). The maximum exposure to credit risk arising from guarantees issued is limited to the amounts guaranteed. In July 2009, this guarantee was cancelled.

Compliance with covenants. The Group is subject to certain covenants related to part of its borrowings. The Group is not in compliance with some of these covenants as at 30 June 2009. Management has obtained waivers for these breaches and is proactively involved in discussions with its banks and other lenders to refinance these borrowings which mature between the balance sheet date and mid-2010, as well as to refinance other borrowings.

19 Events after the Balance Sheet Date

Retailing of Skoda vehicles. In June 2009, the Group signed a letter of intent on retailing Skoda vehicles. Retailing is planned to start from November 2009 in St. Petersburg.

Extension of revolving trade finance facility from a subsidiary of Mitsubishi Corporation. In July-September 2009, the Group signed amendment to the existing trade finance facility agreement with a subsidiary of Mitsubishi Corporation, under which 89.77% of the purchase price of some vehicles produced in November 2008 and March 2009 was extended to 250 days and some vehicles produced in September 2008 was extended to 410 days.

Loan issued to a related party. In July 2009, the Group issued a term loan to a related party, amounting to US$ 40,250 thousand, subject to a market interest rate. The loan was used to repay the obligations for which the Group was a guarantor.

Borrowings. In September 2009, the Group signed new facility agreement for a non-revolving line of credit, amounting to US$ 150,000 thousand. The loan is subject to market interest rates and is to be repaid in September 2012.